

# DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 31, Quarter IV 2014



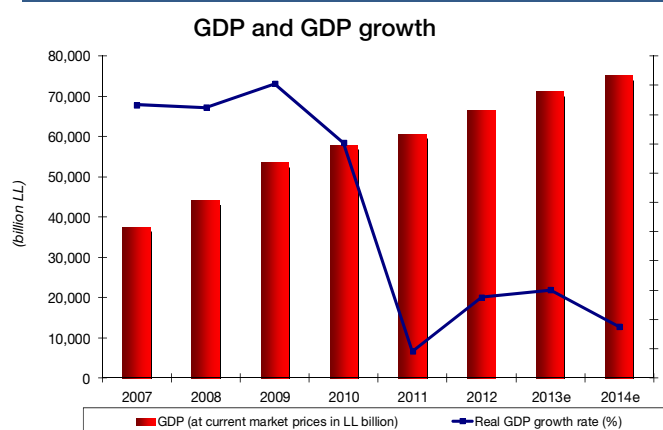
REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

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## HIGHLIGHTS

- At end-2014, gross public debt stood at LL 100,345 billion (US\$ 66.56 billion), a 4.84 percent increase compared to end-2013.
- Net public debt registered LL 86,380 billion (US\$ 57.30 billion) at end-2014, an increase of 7.69 percent from the end-2013 level.
- Domestic currency debt reached LL 61,752 billion at end-2014, an increase of 9.66 percent compared to end-2013.
- On yearly basis, commercial banks captured 31.69 percent of total subscriptions of Treasury bills and bonds in 2014 while BdL subscription stood at 38.47 percent. Public institutions shares reached 18.87 percent of the total subscriptions.
- On 06 November 2014, the Ministry of Finance issued at auction, on an ad hoc basis, the value of LBP 978 billion 10YR LBP Treasury Bonds with a coupon of 7.98 percent.
- On 13 November 2014, the Ministry of Finance issued 5YR LBP-denominated contractor bonds totaling LL 13.1 billion with a coupon of 5.25 percent (pursuant to Law no. 69 dated April 23rd, 2009) to settle the changes in the cost of construction materials.
- During QIV 2014, primary market rates on regular Treasury bills and bonds issued remained unchanged compared to end QIII 2014 levels.
- Foreign currency debt totaled LL 38,593 billion (US\$ 25.60 billion) at the end-2014, a 2.04 percent decrease from the end-2013 level.

## THE LEBANESE ECONOMY

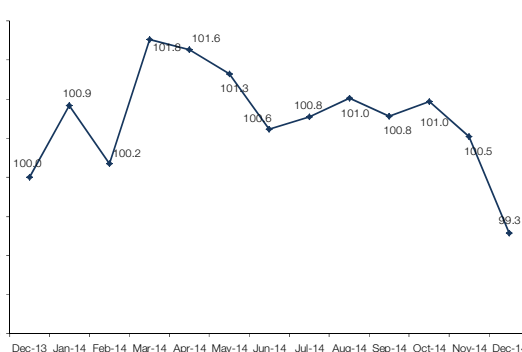


Source: National Accounts

Notes:

- 1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.
- 2- GDP 2014: Computed based on 2013 CAS estimate and using the IMF growth rate and deflator published on WEO - October 2014.

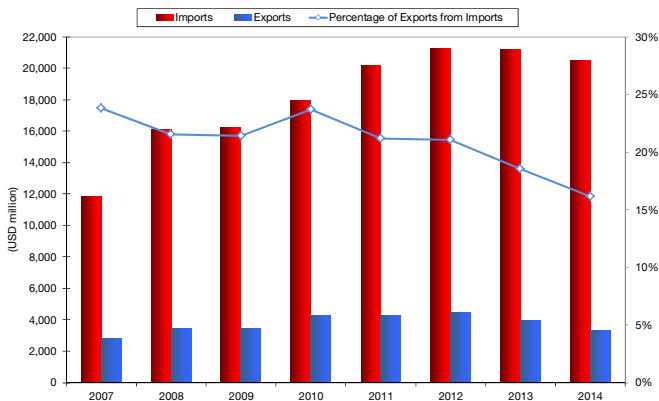
**CPI Index**  
*December 2013 – December 2014*



Source: Central Administration of Statistics / CPI - Dec 2013= 100.

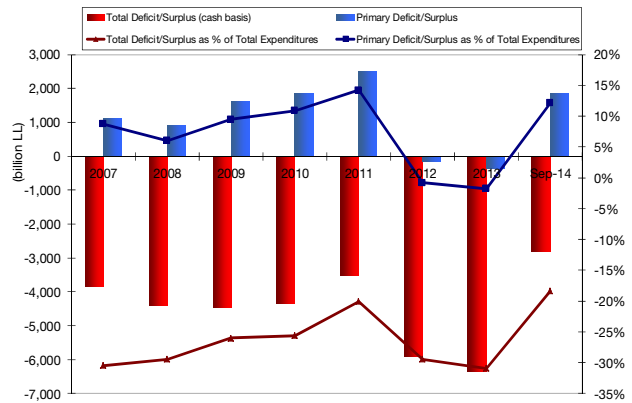
# THE LEBANESE ECONOMY

## Trade Statistics (as of end-period)



Source: MoF, Directorate of Customs

## Fiscal Performance

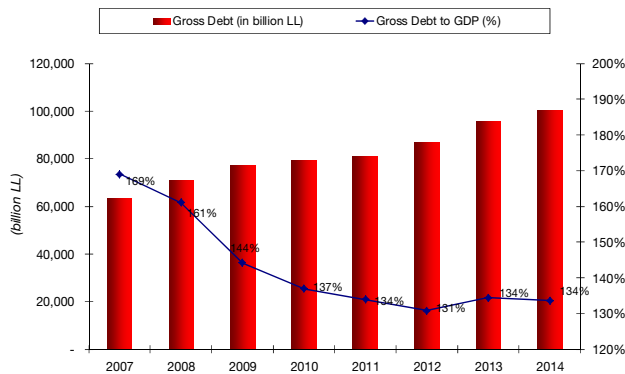


Source: MOF

Note: Revenues are calculated from the latest Public Finance Monitor published and are based on actual cash transfers made to MoF and thus different from the Fiscal Performance on the MoF website. For further details refer to the September 2014 Public Finance Monitor.

# OVERALL DEBT DATA

## Gross Public Debt

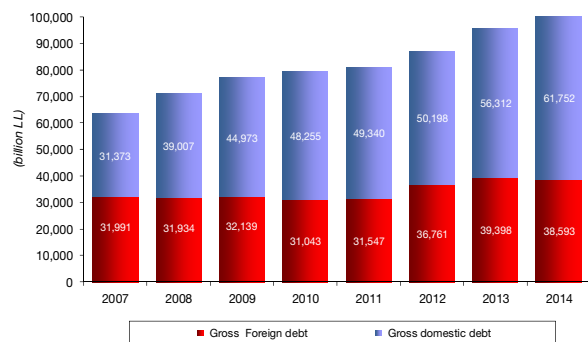


Source: Ministry of Finance, National Accounts

Notes:

- 1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.
- 2- GDP 2014: Computed based on 2013 CAS estimate and using the IMF growth rate and deflator published on WEO - October 2014.

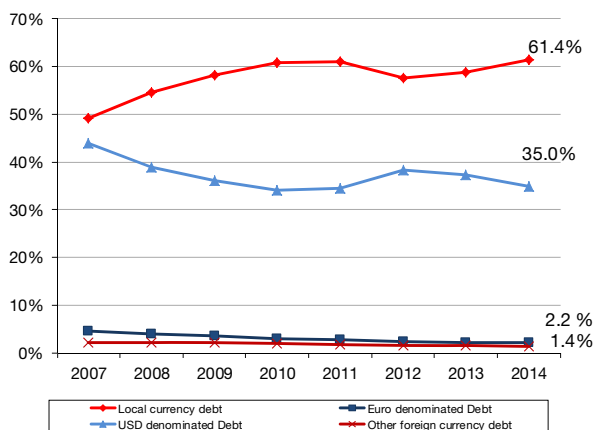
## Historical Debt Evolution



Source: MOF, BDL

Note: Debt data may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System (DMFAS).

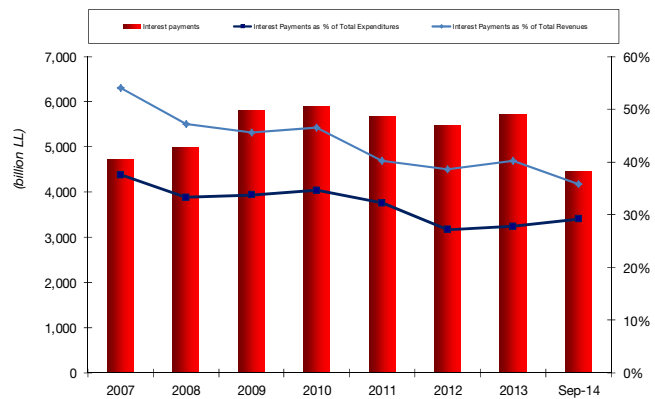
## Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

## Interest Payments



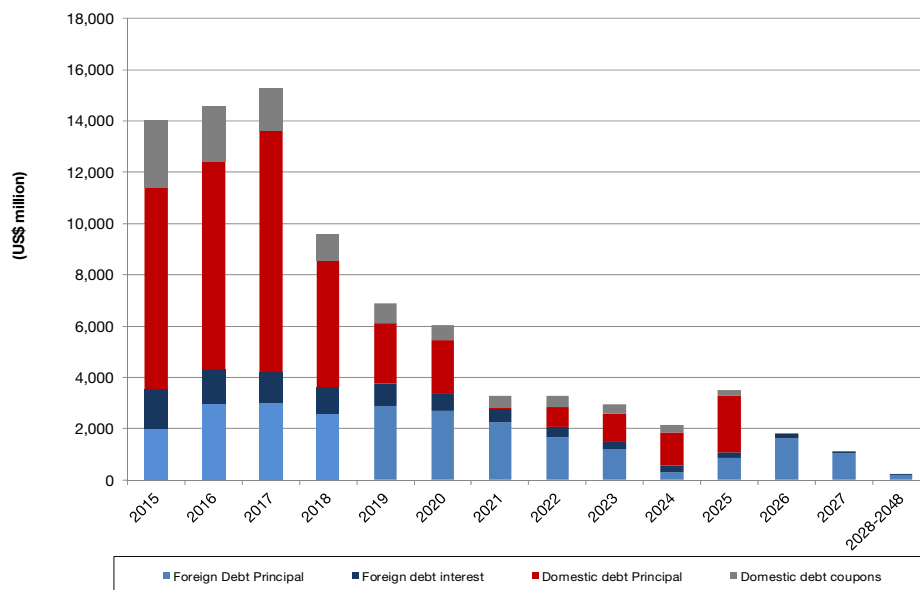
Source: MOF

Note: 1- Revenues are calculated from the latest Public Finance Monitor published and are based on actual cash transfers made to MoF and thus different from the Fiscal Performance on the MoF website. For further details refer to September 2014 Public Finance Monitor.

2- Interest payments include debt service payments made on EDL loans.

# OVERALL DEBT DATA

## Aggregate Debt Amortization Profile (as of end-December 2014)



Source: MOF, BDL

The data used for the amortization schedule is based on outstanding and not on committed amounts

## Public Debt Table <sup>(1)</sup> (as of end-December 2014)

Public Debt (in LL billion)	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Change Dec 13 - Dec 14	% Change Dec 13 - Dec 14
<b>Gross Public Debt (A + B)</b>	63,364	70,941	77,112	79,298	80,887	86,959	95,710	100,345	4,635	4.8%
<b>A. Local currency debt</b>	31,373	39,007	44,973	48,255	49,340	50,198	56,312	61,752	5,440	9.7%
1. Central Bank (including REPOs)	9,052	8,781	10,334	13,130	16,374	15,049	17,171	19,855	2,684	15.6%
2. Commercial Banks	16,847	24,320	27,286	27,214	25,177	27,267	29,905	31,468	1,563	5.2%
3. Other local debt (T-bills)	5,474	5,906	7,353	7,911	7,789	7,882	9,236	10,429	1,193	12.9%
o/w Public entities	4,796	5,062	6,078	6,268	6,538	6,479	7,117	7,701	584	8.2%
o/w Contractor bonds	-	-	-	-	41	134	134	180	46	34.3%
*Accrued interest included in debt	730	1,029	999	867	788	789	877	1,029	152	17.3%
<b>B. Foreign currency debt</b>	31,991	31,934	32,139	31,043	31,547	36,761	39,398	38,593	(805)	-2.0%
<b>4. Eurobonds</b>	27,099	26,817	27,142	26,738	27,490	32,789	35,533	34,850	(683)	-1.9%
Of which, Paris II at preferential rates <sup>(2)</sup>	5,156	4,708	4,192	3,677	3,161	2,646	2,130	1,615	(516)	-24.2%
Of which, Paris III at preferential rates <sup>(3)</sup>	754	754	754	709	663	317	271	226	(45)	-16.7%
Of which, market-issued Eurobonds	20,780	20,925	21,736	21,870	23,258	29,427	32,688	32,584	(103)	-0.3%
* Accrued Interest on Eurobonds	410	430	460	483	407	400	444	425	(19)	-4.3%
<b>5. Loans</b>	4,473	4,698	4,550	4,231	3,977	3,860	3,729	3,622	(107)	-2.9%
5.1 Paris II loans	907	748	627	460	351	279	208	128	(80)	-38.5%
5.2 Paris III loans <sup>(4)</sup>	603	1,095	1,210	1,147	1,060	997	915	760	(156)	-17.0%
5.3 Bilateral loans (non-Paris II and III)	759	731	716	723	766	832	821	1,187	367	44.7%
5.4 Multilateral loans (non-Paris II and III)	2,118	2,069	1,971	1,877	1,781	1,738	1,691	1,493	(198)	-11.7%
5.5 Foreign Private Sector Loans	86	54	27	24	18	14	94	54	(40)	-42.6%
<b>6. Other debt</b>	419	419	447	74	80	112	136	121	(15)	-11.0%
6.1 Special Tbls in Foreign currency <sup>(5)</sup>	419	419	447	74	80	112	136	121	(15)	-11.0%
<b>Public sector deposits</b>	4,527	8,326	10,522	11,419	10,984	12,916	15,495	13,965	(1,530)	-9.9%
<b>Net debt</b>	58,837	62,615	66,590	67,879	69,903	74,043	80,215	86,380	6,165	7.7%
<b>Gross Market debt<sup>(6)</sup></b>	39,219	46,992	51,231	51,308	50,191	58,623	65,386	67,380	1,995	3.1%
<b>% of total debt</b>	61.9%	66.2%	66.4%	64.7%	62.1%	67.4%	68.3%	67.1%	-1.2%	-1.7%

Source: Ministry of Finance, Banque du Liban

Notes:

<sup>(1)</sup> Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

1 - Debt data for December 2007 and December 2014 may be subject to slight modification.

2 - Figure of Gross Public Debt in this report may differ from the figure in September 2014 PFM report to be published.

<sup>(2)</sup> Paris II related Eurobonds including the outstanding of the Eurobond originally issued at USD 1,870 billion to BDL in the context of Paris II conference.

<sup>(3)</sup> Issued to Malaysia as part of its Paris III contribution.

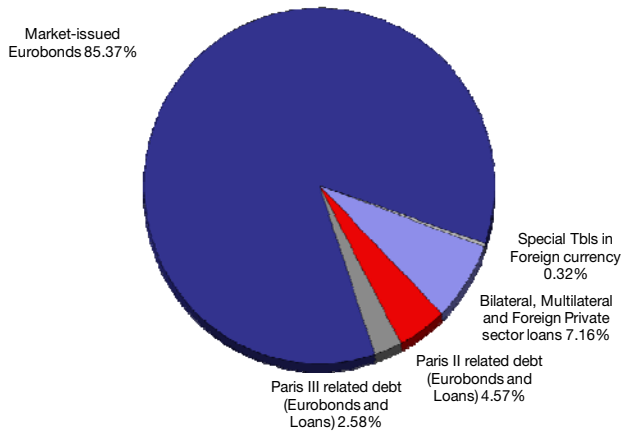
<sup>(4)</sup> IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

<sup>(5)</sup> Special Tbls in Foreign currency (expropriation and contractor bonds).

<sup>(6)</sup> Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

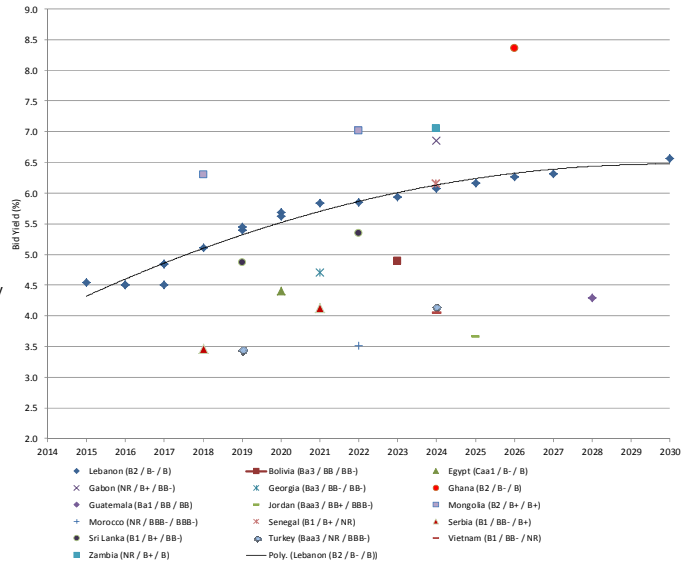
# FOREIGN CURRENCY DEBT DATA

Outstanding Foreign Currency Debt by Holder  
(as of end-December 2014)



Source: MOF, BDL  
Note: Does not include accrued interest.

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds]  
(as of March 02, 2015)



Source: Credit Suisse, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.350 18	105.00	106.00	3.94	3.67	366.36	339.35
<b>US Dollars</b>						
LEB 8.500 15	102.88	103.25	3.60	2.99	329.93	268.21
LEB 8.500 16	105.00	105.50	3.61	3.14	315.75	268.88
LEB 11.625 16	110.00	111.00	4.01	3.30	342.57	272.00
LEB 4.750 16	101.63	102.63	3.82	3.27	301.44	245.59
LEB 9.000 17	110.00	111.00	4.23	3.79	327.00	282.49
LEB 5.000 17	101.00	102.00	4.61	4.23	341.07	302.85
LEB 5.150 18	100.75	101.75	4.91	4.59	350.23	318.68
LEB 6.000 19	103.25	104.25	5.16	4.91	354.46	329.32
LEB 5.450 19	101.00	102.00	5.22	4.98	349.00	325.90
LEB 5.800 20	102.00	103.00	5.36	5.14	357.63	336.02
LEB 6.375 20	105.13	106.13	5.23	5.02	347.09	325.59
LEB 8.250 21	114.75	115.75	5.44	5.27	355.16	337.73
LEB 6.100 22	101.75	102.75	5.82	5.66	375.15	359.16
LEB 6.000 23	100.75	101.75	5.88	5.73	378.83	363.20
LEB 7.000 24	106.75	107.75	6.08	5.95	388.05	375.03
LEB 6.600 26	103.00	104.00	6.24	6.12	393.17	381.35
LEB 6.750 27	103.75	104.75	6.32	6.21	397.84	386.63

Source: CS as of 31 December 2014

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.350 18	105.00	106.00	3.88	3.60	368.06	339.95
<b>US Dollars</b>						
LEB 8.500 15	101.63	102.13	4.55	3.37	425.19	307.76
LEB 8.500 16	103.38	102.38	4.50	5.66	405.80	521.54
LEB 11.625 16	108.13	109.13	4.50	3.68	393.28	311.36
LEB 4.750 16	100.38	101.38	4.51	3.88	373.78	311.24
LEB 9.000 17	108.00	109.00	4.84	4.35	391.15	342.03
LEB 5.000 17	100.38	101.38	4.84	4.43	369.84	328.89
LEB 5.150 18	100.13	102.00	5.11	4.48	375.79	313.64
LEB 6.000 19	102.25	103.25	5.39	5.13	381.64	355.33
LEB 5.450 19	100.00	101.00	5.45	5.21	377.24	353.07
LEB 5.800 20	100.50	101.50	5.68	5.46	394.31	371.58
LEB 6.375 20	103.25	104.25	5.62	5.40	389.49	366.78
LEB 8.250 21	112.25	113.25	5.83	5.65	395.29	377.00
LEB 6.100 22	101.50	102.50	5.85	5.69	381.62	365.25
LEB 6.000 23	100.38	101.38	5.94	5.78	387.48	371.48
LEB 7.000 24	106.75	107.75	6.07	5.94	387.76	374.45
LEB 6.200 25	100.25	100.75	6.17	6.10	395.87	389.07
LEB 6.600 26	102.75	103.75	6.26	6.15	396.48	384.56
LEB 6.750 27	103.75	104.75	6.32	6.20	398.20	386.96
LEB 6.650 30	100.75	101.75	6.57	6.47	415.95	405.49

Source: CS as of 02 March 2015

Lebanon Sovereign Debt Rating			
Agency	Foreign Currency		
	Long - term tenor rating	Short - term tenor rating	Outlook
As of March 2 <sup>nd</sup> , 2015			
Fitch Ratings *	B	B	Negative
Moody's Investor Services Ltd **	B2	-	Negative
Standard and Poor's ***	B-	B	Stable

\* Fitch's reaffirmed its ratings on 12 December 2014

\*\* On 16 December 2014, Moody's downgraded Lebanon's government bond rating to B2 from B1 and maintained the negative outlook.

\*\*\* Standard and Poor's reaffirmed its ratings on 10 October 2014

## FOREIGN CURRENCY DEBT DATA

### List of Outstanding Eurobonds (values as of December 31, 2014)

ISIN CODE	Eurobond	Outstanding Amount (in original cur)	Outstanding Amount (USD)	No. of tranches	Currency	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
XS0471737105	USD 250 MN - January 2015*	250,000,000	250,000,000	1	USD	5.875%	01/15/15	0.04
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	0.45
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	0.60
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	1.05
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	1.31
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	1.36
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	1.84
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	2.22
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	2.78
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	3.45
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	3.87
XS0707821467	EUR 445 MN - November 2018	445,000,000	541,362,530	2	EUR	5.350%	11/28/18	3.91
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	4.31
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	4.39
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	4.91
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	5.19
XS1052421150	USD 700 MN - April 2020	700,000,000	700,000,000	3	USD	5.800%	04/14/20	5.29
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	5.47
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	6.28
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	7.76
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	8.08
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	9.93
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	10.45
XS0707820659	USD 725 MN - November 2026	1,600,000,000	1,600,000,000	6	USD	6.600%	11/27/26	11.92
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	12.92
<b><u>EUROBONDS ISSUED IN THE CONTEXT OF PARIS III</u></b>								
XS0312416000	USD \$300 MN - July 2017	150,000,000	150,000,000	1	USD	3.750%	07/20/17	1.75
<b><u>EUROBONDS ISSUED IN THE CONTEXT OF PARIS II</u></b>								
XS0160456322	USD 950 MN - Dec 2017	195,000,000	195,000,000	1	USD	5.000%	12/27/17	1.67
XS0160503347	USD 2,007.511 MN - Dec 2017	602,253,300	602,253,300	2	USD	4.000%	12/31/17	1.67
XS0164502352	USD 700 MN - Mar 2018	245,000,000	245,000,000	1	USD	5.000%	03/07/18	1.67
XS0169203048	USD 200 MN - May 2018	70,000,000	70,000,000	1	USD	5.000%	05/27/18	1.84
						Average Time to Maturity (in years, as of December 31, 2014):	5.35	
						Weighted average coupon rate:	6.40%	

\* These bonds have a long first interest period for the first coupon payment.

\*\*The Eurobond restructured in the context of the Paris III conference have an amortized principal repayment structure.

\*\*\*Eurobonds issued in the context of the Paris II conference are redeemable in 20 equal semiannual payments starting from year 6 (grace period of 5 years from issue date).

Euro exchange rate (US\$/Euro) (30 December 2014): 1.217

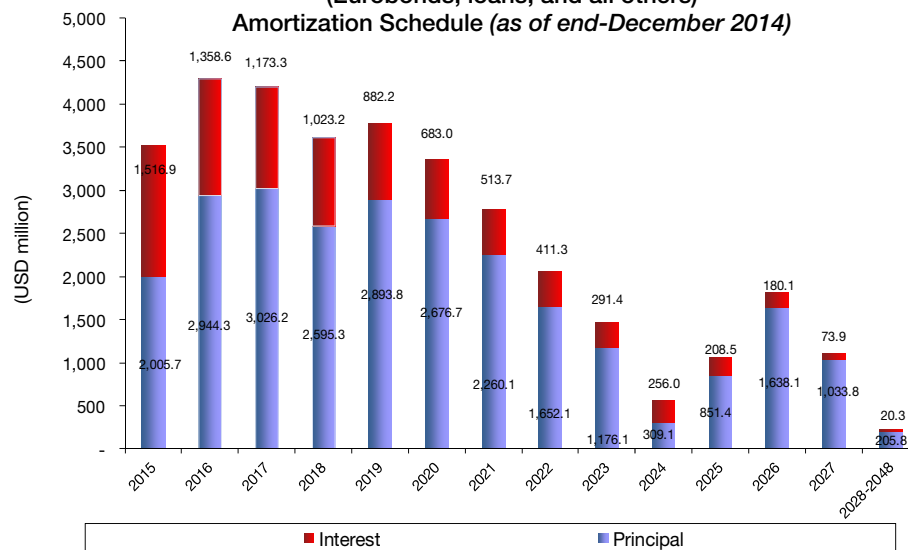
# FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances							
Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
26-Feb-2015	74	15.0	26-Feb-2030	6.650	6.650	USD 1400 MN	XS1196419854
26-Feb-2015	73	10.0	26-Feb-2025	6.200	6.200	USD 800 MN	XS1196417569
2-May-2014	72(3)	6 (Short)	14-Apr-2020	5.800	5.800	USD 100 MN	XS1052421150
2-May-2014	61 (6)	12.6	27-Nov-2026	6.600	6.700	USD 75 MN	XS0707820659
14-Apr-2014	72(2)	6.0	14-Apr-2020	5.800	5.800	USD 341.431 MN	XS1052421150
14-Apr-2014	72 (1)	6.0	14-Apr-2020	5.800	5.800	USD 258.569 MN	XS1052421150
14-Apr-2014	61 (5)	12.6	27-Nov-2026	6.600	6.700	USD 354.711 MN	XS0707820659
14-Apr-2014	61 (4)	12.6	27-Nov-2026	6.600	6.700	USD 445.289 MN	XS0707820659
4-Sep-2013	63 (2)*	4 (Long)	12-Oct-2017	5.000	5.750	USD 175 MN	XS0769530238
20-Jun-2013	71**	7.0	19-Jun-2020	6.150	6.150	USD 600 MN	XS0944226637
23-Apr-2013	70*	6.0	23-Apr-2019	5.500	5.500	USD 500 MN	XS0922623755
23-Apr-2013	69*	3.0	22-Apr-2016	4.500	4.500	USD 600 MN	XS0922623912
17-Apr-2013	68 (3)	15 (Short)	29-Nov-2027	6.750	6.700	USD 500 MN	XS0859366899
17-Apr-2013	67 (3)	10 (Short)	27-Jan-2023	6.000	6.150	USD 600 MN	XS0859367194

\* Series 69-70-63(2) were issued as a part of a Debt Replacement Agreement between the Ministry of Finance and Banque du

\*\*Series 71 issued to Banque du Liban (BdL)

## Foreign Currency Debt (Eurobonds, loans, and all others)

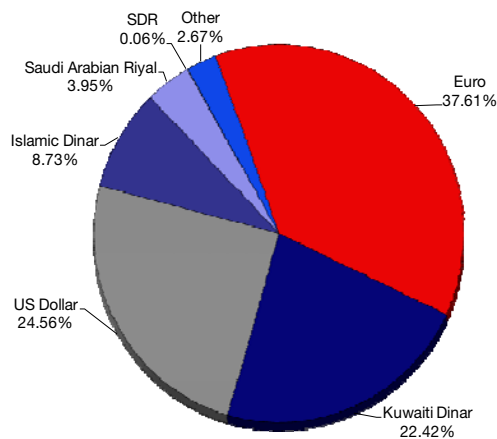


Source: MOF, BDL

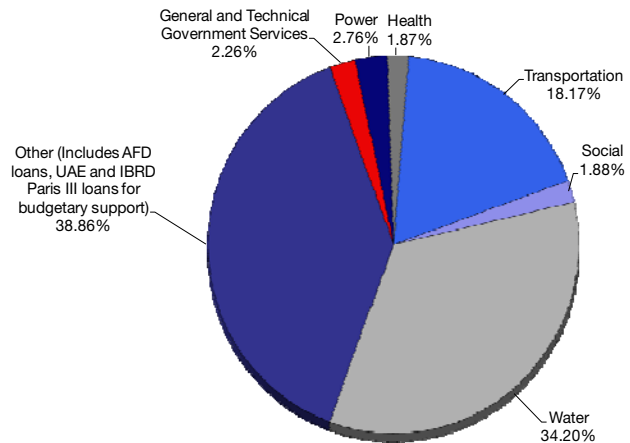
The data used for the amortization schedule is based on outstanding and not on committed amounts.

# FOREIGN CURRENCY LOANS DATA

## Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by currency (as of end-December 2014)



## Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by sector (as of end-December 2014)

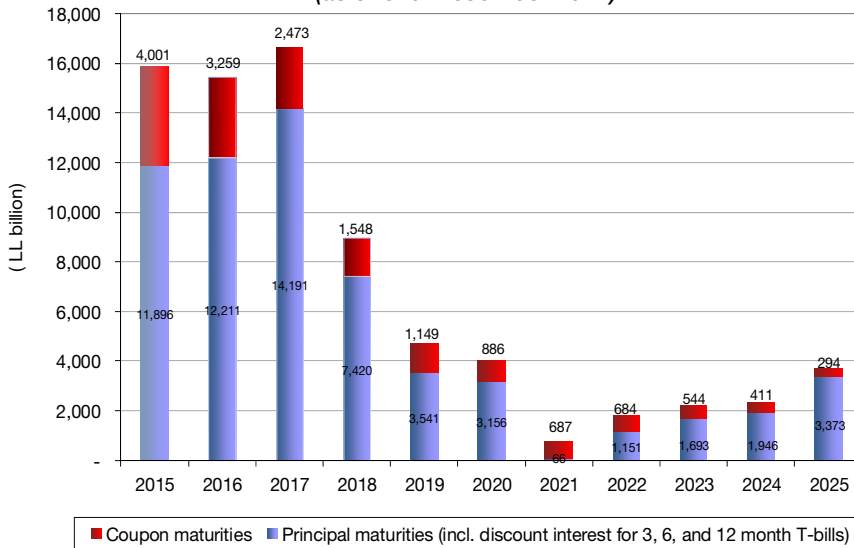


Total Outstanding LL 3,622 billion

Source: MOF, BDL

# DOMESTIC CURRENCY DEBT DATA

**Amortization Schedule of Domestic T-bills and Bonds  
(as of end-December 2014)**



As of end-December 2014	
Average Time to Maturity of Domestic Currency T-bills and Bonds (in years)	3.27
Weighted Average Coupon Rate of Domestic Currency T-bills and Bonds	6.96%

■ Coupon maturities ■ Principal maturities (incl. discount interest for 3, 6, and 12 month T-bills)

Source: MOF, BDL

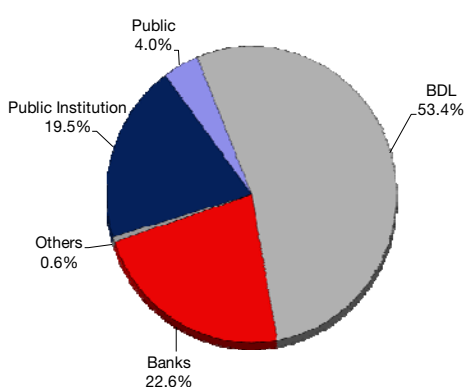
The data used for the amortization schedule is based on outstanding and not on committed amounts.

## Upcoming Government Treasury Bill and Bond Auctions

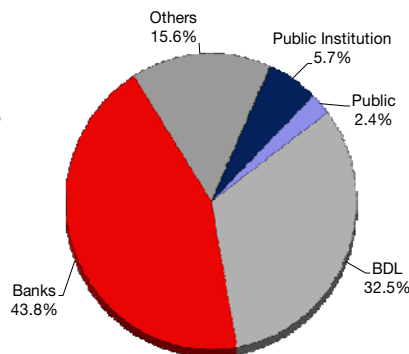
Auction Date	Value Date	Tenors to be auctioned
02-Mar-15	05-Mar-15	6MN, 3YR
09-Mar-15	12-Mar-15	3MN, 12MN, 5YR
16-Mar-15	19-Mar-15	6MN, 2YR, 10YR
23-Mar-15	26-Mar-15	3MN, 12MN, 5YR
30-Mar-15	02-Apr-15	6MN, 3YR

## T-Bill and Bond Subscription Results by Holder During QIV 2014

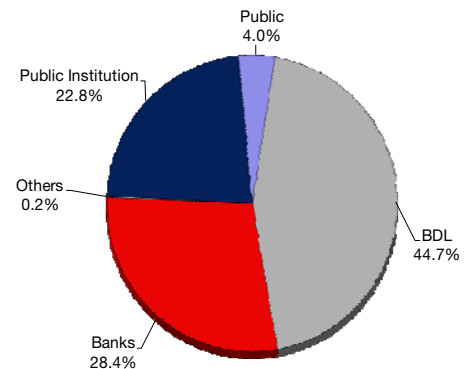
October 2014



November 2014



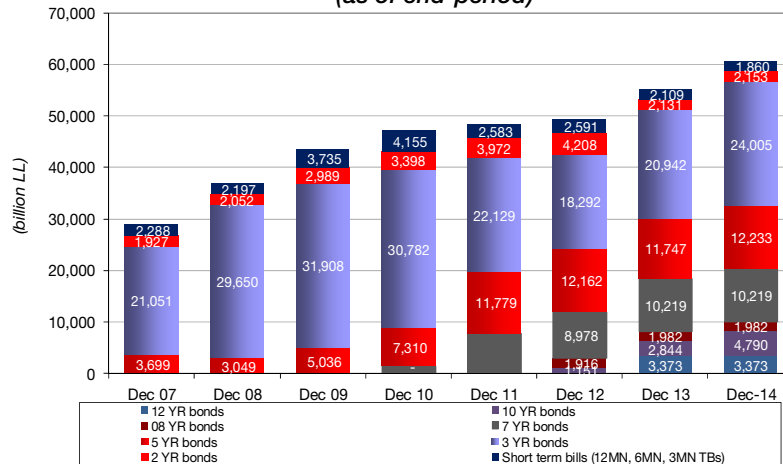
December 2014



Source: MOF, BDL

# DOMESTIC CURRENCY DEBT DATA

**Domestic T-bills and Bonds Outstanding by Tenor Type  
(as of end-period)**



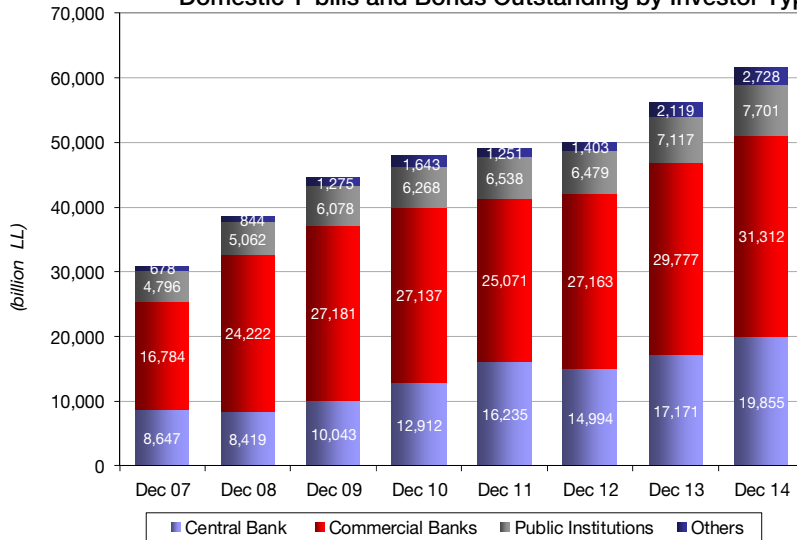
Source: MOF, BDL

Notes:

1- Only treasury bills with maturities less than 24 months are issued at a discount to their face value.

2- The 5 YR bonds figure includes LL 180 billion contractor bonds issued in Nov 2011, May 2012, Aug 2012, Jan 2014 and Nov 2014.

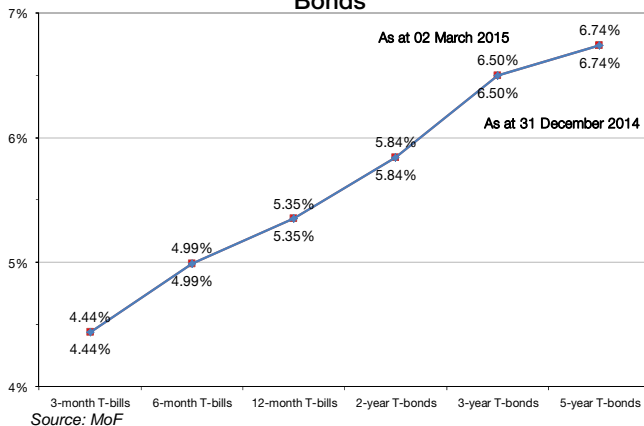
**Domestic T-bills and Bonds Outstanding by Investor Type**



Source: MOF, BDL

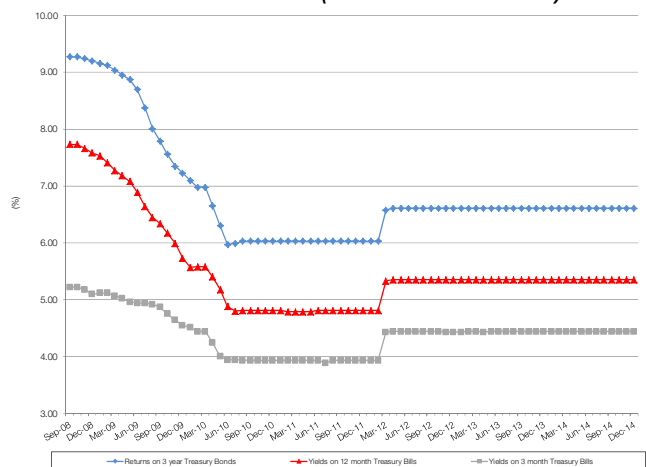
Note: Central Bank figures include the amounts of repurchase agreements.

**Yield Curve for Regularly Auctioned T-Bills and Bonds**



Source: MoF

**Time Series of Primary Market Rates for T-Bills and Bonds (end-December 2014)**



Source: Bdl

Note: Primary rates for 7-8-10-12 year T-bonds issued by the Lebanese government were 7.5%, 7.8%, 7.98% and 8.74% respectively.

For further information, please contact:  
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